THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Natural Resources

Division of Oil & Gas
Petroleum Systems Integrity Office

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Bureau of Safety and Environmental Enforcement
Regulatory Development Branch
381 Elden Street HE 3313
Herndon, VA 20170-4817
via email to kirk.malstrom@bsee.gov

RE: Oil and Gas Production Safety Systems, 1014-AA10

Greetings:

The State of Alaska Petroleum Systems Integrity Office (PSIO) is pleased to offer comments on the proposed update to 30 CFR 250 Subpart H regarding oil and gas production safety systems.

The PSIO is the lead state agency for oversight of facilities, equipment, and infrastructure for the sustained production and transportation of oil and natural gas resources in Alaska. The PSIO was established in 2007 by the governor's Administrative Order 234 to:

1. Ensure that oil and gas infrastructure is designed and maintained in a safe and environmentally sound manner in compliance with state law,
2. Minimize economic impacts of unplanned interruptions in oil and gas production to the ongoing functions of state government,
3. Avoid premature abandonment of oil and gas infrastructure and waste of state resources,
4. Ensure efficient and effective oversight of oil and gas industry practices by utilizing existing state government structures and processes to the maximum extent possible.

Through designated agency liaisons, the PSIO leads interagency efforts to evaluate industry system integrity performance. Designated agencies, to the extent authorized by state regulations, require oil and gas producers and operators to provide comprehensive descriptions of current practices of quality control, quality assurance, monitoring, and inspection used to ensure the integrity and reliability of oil and natural gas facilities, equipment, infrastructure and activities.

While the PSIO acknowledges that this proposed Rule applies only to the federal OCS, the proposed Rule nevertheless will affect operators in Alaska and will influence how Alaska will evaluate operations in state waters, specifically Cook Inlet and near-shore North Slope.

Comments on the Proposed Rule

1. Lifecycle Analysis of Critical Equipment §250.802: Lifecycle analysis is the control and traceability of activities during the service life of critical equipment ranging from design verification to repair and maintenance. Although these requirements have previously been included in standards that were incorporated by reference into BSEE regulations, it is unclear from the proposed language in the Rule how the lifecycle analysis would be verified to BSEE without creating a large documentation review process. Third-party certification may be one avenue available to verify compliance.

2. Failure Reporting and Information Dissemination §250.803: The PSIO believes that it is critical that information sharing for lessons learned and trending be formalized and a comprehensive review system be established to increase the exchange and use of data. The PSIO is currently evaluating data repository schemas for Alaska state agencies' use in identifying trends and prioritizing regulatory focus. The PSIO also encourages the reporting of "near miss" incidents in addition to failures. The API has an internal confidential database that may serve as a model for this initiative.

3. Approval of Safety Systems Design/Installation §250.842: The proposed Rule requires that:
    a. mechanical and electrical systems documentation/schematics are certified and stamped by registered professional engineers,
    b. the operator have a hazard analysis program in place and have performed a hazard analysis on the production safety system,
    c. the operator certify in writing that the mechanical and electrical systems have been installed in accordance with the approved designs, and
    d. the as-built diagrams of the production safety systems have been certified correct and stamped by a professional engineer.

    The PSIO believes that these requirements are reasonable and reflect prudent and expected standards of practice in the industry. Indeed, in Alaska the PSIO has required technical submittals contained in Plans of Development and Operation be prepared and stamped by Alaska-registered professional engineers. The requirement that the engineers have "sufficient expertise and experience" should specifically include Arctic and harsh environment experience. The hazards analysis is noted as requiring more detail than a similar requirement for the operator's safety and environmental (SEMS) program. Additional clarity on how the two requirements both support and differ is needed, with the ultimate goal of one standard for hazards analysis.

4. Safety Device Testing §250.880: The proposed Rule raises the allowable leakage rate based partly on MMS Technology Assessment Report 272. However, Report 272 notes that "a complete hazards analysis should be conducted..." and it does not appear that this analysis has been completed, but should be before implementation of changes to the allowable leakage rate.

5. Third-Party Certification Organizations: The PSIO supports the use of third-party certifiers of design and maintenance of safety systems as one way to avoid adding regulatory burden on BSEE and industry, and maintaining consistency in approach to compliance.

We appreciate the opportunity to comment.

Sincerely,

Dave Norton, P.E.
Coordinator
Petroleum Systems Integrity Office

Cc: PSIO Liaisons